

Issue 23: INSIDER'S EDGE: Don't forget your health insurance!

Over the years, trends come and go. Scrunchies, side ponytails, stirrup pants, and fanny packs just aren't popular like they used to be.



True confession: Marge may have sported a fanny pack once or twice. Sadly, it wasn't in an ironic way...

Still, there's one **hot trend** that's definitely here to stay! Yes, I'm talking about the individual mandate. Our longtime subscribers might remember that we first covered this trend WAY back in Issue #2.

Our resourceful readers had questions, so let's start with a brief refresher! Remember, under the ACA's individual mandate, everyone under sixty-five **MUST** have health coverage—either through Medicaid or a private insurance plan. You may be able to ignore fashion trends (and some definitely should be ignored), but there will be a tax penalty for individuals who elect *not* to get health insurance beginning in 2014.

Penalty?!



No need to panic! Satisfying the individual mandate's requirement that you have health coverage isn't hard.

What counts as coverage?

To satisfy the individual mandate, you need insurance that qualifies as minimum essential coverage. Have one of the following plans? You're covered and won't have to pay a penalty!

- Any Maryland Health Connection plan, or any individual insurance plan you already have
- Any employer plan (including COBRA), with or without "grandfathered" status. This includes retiree plans
- Medicare
- Medicaid

- MCHP or MCHP Premium
- TRICARE (for current service members and military retirees, their families, and survivors)
- Veterans health care programs (including the Veterans Health Care Program, VA Civilian Health and Medical Program (CHAMPVA), and Spina Bifida Health Care Benefits Program)
- Peace Corps Volunteer plans

Who may be exempt from paying the tax penalty?

Although the goal is that nearly everyone in Maryland will have health coverage, some people in certain circumstances will not be assessed a tax penalty for not having coverage:

- Individuals who experience short gaps in coverage (uninsured for less than 3 months of the year)
- Individuals who experience financial hardship due to very low income and coverage is considered unaffordable
- Individuals who have religious objections
- Members of a federally recognized Indian tribe
- Undocumented immigrants
- Incarcerated individuals
- Consumers who have to pay more than 9.5% of their income for the lowest-cost plan option
- Consumers with incomes below the tax-filing threshold (The filing threshold is roughly \$10,000 for individuals and \$20,000 for married couples.)

How much will the penalty be if someone doesn't have health coverage?

In 2014, the penalty will be the greater of 1.0% of taxable income or \$95 per adult and \$47.50 per child (up to \$285 per family).

In 2015, the penalty will be the greater of 2.0% of taxable income or \$325 per adult and \$162.50 per child (up to \$975 per family).

In 2016, the penalty will be at the greater of 2.5% of taxable income or \$695 per adult and \$347.50 per child (up to \$2,085 per family).

Individuals will not have to pay a penalty until they file their 2014 federal income tax return in 2015. The IRS is still developing guidelines on how the income tax return will take account of coverage and exemptions in the future.

Phew! That wasn't so bad, was it? Reading up on IRS-related information sure is *taxing*... (Saw that one coming a mile away, didn't you?) Here's one FUN fact before I go! Did you know that looking at pictures of cute animals can actually improve your productivity?



Aw! I feel more productive already!

See you next time, Insiders!